

12 PAPST LICENSING GMBH & CO. KG,  
13 Plaintiff,  
14 v.  
15 XILINX INC,  
16 Defendant.

Case No. 16-CV-00925-LHK

**ORDER DENYING MOTION FOR  
ATTORNEY'S FEES**

Re: Dkt. No. 102

18 Plaintiff Papst Licensing GmbH & Co. KG (“Papst” or “Plaintiff”) filed a patent  
19 infringement suit against Defendant Xilinx, Inc. (“Xilinx” or “Defendant”) and alleged that  
20 Defendant infringed claims of U.S. Patent Nos. 6,574,759 and 6,704,891 (collectively, the “Papst  
21 Patents”). Following this Court’s order granting judgment on the pleadings to Defendant on the  
22 basis that the asserted patent claims were invalid for failure to claim patent-eligible subject matter  
23 under 35 U.S.C. § 101, Defendant filed the instant motion for attorney’s fees pursuant to 35  
24 U.S.C. § 285.

25 Pursuant to Civil Local Rule 7-1(b), the Court finds this matter appropriate for resolution  
26 without oral argument and VACATES the motion hearing set for August 25, 2016, at 1:30 p.m.  
27 Having considered the submissions of the parties, the relevant law, and the record in this case, the

1 Court DENIES the motion for attorney's fees.

2 **I. BACKGROUND**

3 Plaintiff Papst is a German patent licensing company with its principal place of business in  
4 St. Georgen, Germany. ECF No. 1 ¶¶ 1, 6. Papst is the assignee of the two patents at issue in the  
5 instant case, which Papst acquired through Papst's predecessor-in-interest, Rambus, Inc. *Id.* ¶¶ 7,  
6 13, 19. Defendant Xilinx is a Delaware corporation that supplies programmable logic devices and  
7 software. *Id.* ¶¶ 2, 13–15.<sup>1</sup>

8 On November 7, 2014, Papst sued Xilinx in the United States District Court for the District  
9 of Delaware for alleged infringement of the Papst Patents. *Papst Licensing GmbH & Co. KG v.*  
10 *Xilinx, Inc.*, No. 14-CV-01376-LPS, ECF No. 1 (D. Del. Nov. 7, 2014).

11 Also on November 7, 2014, Xilinx filed a declaratory judgment action against Papst in the  
12 Northern District of California. *Xilinx, Inc. v. Papst Licensing GMBH & Co. KG*, No. 14-CV-  
13 04963-LHK, ECF No. 1 (N.D. Cal. Nov. 7, 2014). Xilinx sought a declaration that the Papst  
14 Patents were neither valid nor infringed. *See id.* Xilinx's declaratory judgment action was  
15 reassigned to the undersigned judge on February 23, 2015.

16 On February 6, 2015, Papst moved to dismiss Xilinx's declaratory judgment action in the  
17 Northern District of California for lack of personal jurisdiction, or, in the alternative, to transfer  
18 the case to the United States District Court for the District of Delaware. *See* No. 14-CV-04963-  
19 LHK, ECF No. 18. Xilinx took discovery on Papst's motion to dismiss, and thereafter filed an  
20 opposition on April 15, 2015. No. 14-CV-04963-LHK, ECF No. 52. On July 9, 2015, this Court  
21 granted Papst's motion to dismiss the California actions for lack of personal jurisdiction over  
22 Papst, ending Xilinx's declaratory judgment action. No. 14-CV-4963-LHK, ECF No. 62. Xilinx  
23 appealed to the United States Court of Appeals for the Federal Circuit, and Xilinx's appeal

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25 <sup>1</sup> For much of its procedural history, the instant case proceeded in tandem with Papst's parallel  
26 litigation against Altera Corporation, *Papst Licensing GmbH & Co. KG v. Altera Corp.*, No. 16-  
27 CV-00926-LHK, and Altera's parallel declaratory judgment action against Papst, *Altera Corp. v.*  
*Papst Licensing GmbH & Co. KG*, No. 14-CV-04794-LHK. Papst and Altera have settled and  
dismissed both actions. Accordingly, this background section discusses solely the litigation  
between Papst and Xilinx.

1 remains pending. *See Appeal No. 2015-1919.*

2 Meanwhile, in the District of Delaware, Xilinx moved on February 2, 2015 to transfer the  
3 Delaware action to the Northern District of California. No. 14-CV-01376-LPS, ECF Nos. 13–14.  
4 Papst filed an opposition on February 20, 2015. *Id.*, ECF No. 18. Xilinx filed a reply on March 2,  
5 2015. *Id.*, ECF No. 22.

6 On September 1, 2015, a magistrate judge in Delaware issued a Memorandum Order that  
7 granted Xilinx’s motion to transfer to the Northern District of California. No. 14-CV-01376-LPS,  
8 ECF No. 49. Papst filed objections, which a district judge orally overruled on February 23, 2016.  
9 No. 14-CV-01376-LPS, ECF No. 54. On February 24, 2016, the case was transferred to the  
10 Northern District of California and docketed as the instant action, No. 16-CV-00925-LHK.

11 On March 22, 2016, this Court issued an order relating the case transferred from Delaware  
12 and the dismissed California action involving Defendant and Papst. *See ECF No. 66.* The case  
13 transferred from Delaware was accordingly reassigned to this Court’s docket that same day.

14 On May 11, 2016, Defendant filed a motion for judgment on the pleadings for failure to  
15 claim patent-eligible subject matter under 35 U.S.C. § 101. On May 25, 2016, Plaintiff filed an  
16 opposition. On May 30, 2016, Defendant filed a reply. *See ECF Nos. 88, 92, 94.* The Court  
17 granted Defendant’s motion and entered judgment for Defendant on June 9, 2016. ECF Nos. 99,  
18 100. Papst appealed the Court’s judgment to the Federal Circuit, and Papst’s appeal remains  
19 pending. *See Appeal No. 2016-2323.*

20 Defendant filed the instant motion for attorney’s fees on June 23, 2016. ECF No. 102.  
21 Plaintiff filed an opposition on July 7, 2016, and Defendant replied on July 14, 2016. ECF Nos.  
22 106, 113.

23 **II. LEGAL STANDARD**

24 Pursuant to 35 U.S.C. § 285, “[t]he court in exceptional cases may award reasonable  
25 attorney fees to the prevailing party” in patent litigation. The U.S. Supreme Court established the  
26 governing standard for determining whether an award of attorney’s fees is appropriate in *Octane*  
27 *Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014). In *Octane*, the U.S.

1 Supreme Court held that an exceptional case under § 284 is “simply one that stands out from  
2 others with respect to the substantive strength of a party’s litigating position (considering both the  
3 governing law and the facts of the case) or the unreasonable manner in which the case was  
4 litigated.” *Id.* at 1751. District courts “may determine whether a case is ‘exceptional’ in the case-  
5 by-case exercise of their discretion, considering the totality of the circumstances.” *Id.* “[A] case  
6 presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself  
7 apart from mine-run cases to warrant a fee award.” *Id.* at 1757. Ultimately, the decision of  
8 whether to award attorney’s fees is left to the Court’s discretion and is reviewed on appeal only for  
9 abuse of discretion. *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748  
10 (2014).

### 11 III. DISCUSSION

12 Xilinx argues that the instant case is exceptional both because of the substantive weakness  
13 of Papst’s litigating position and because Papst pursued this litigation in an unreasonable manner.  
14 The Court concludes that neither argument is persuasive.

15 First, as to the substantive strength of Papst’s litigating position, Papst concedes that Xilinx  
16 was the prevailing party based on the Court’s grant of Xilinx’s motion for judgment on the  
17 pleadings. However, this Court’s rejection of Papst’s arguments in opposition to the motion for  
18 judgment on the pleadings is insufficient to merit finding the instant case exceptional. “[A]s the  
19 Supreme Court made clear in *Octane*, fee awards are not to be used ‘as a penalty for failure to win  
20 a patent infringement suit.’” *Gaymar Indus., Inc. v. Cincinnati Sub-Zero Products, Inc.*, 790 F.3d  
21 1369, 1373 (quoting *Octane*, 134 S. Ct. at 1753).

22 Undertaking the required case-by-case analysis in the instant case, the Court finds that its  
23 order granting judgment to Xilinx required significant analysis of Papst’s patents and recent U.S.  
24 Supreme Court and Federal Circuit case law in a complex and developing area of law. *See Papst*  
25 *Licensing GmbH & Co. KG v. Xilinx Inc.*, --- F. Supp. 3d ----, 2016 WL 3196657 (N.D. Cal. June  
26 9, 2016). Specifically, the Court granted judgment to Xilinx for the Papst Patents’ failure to claim  
27 patent-eligible subject matter under 35 U.S.C. § 101. *Id.* The U.S. Supreme Court’s ruling in

1        *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), significantly changed the law on  
2 patentable subject matter under Section 101. Of course, there is no categorical rule that attorney's  
3 fees are unavailable in cases resolved under Section 101 because whether a case is exceptional  
4 must be determined on a case-by-case basis considering the totality of the circumstances. *Octane*,  
5 134 S. Ct. at 1756.

6        Nonetheless, in its order granting judgment for Xilinx, this Court relied primarily upon  
7 case law developed after Papst filed its lawsuit in 2014 and developed even during the briefing on  
8 Xilinx's motion for judgment on the pleadings. For example, the Court's order resolving Xilinx's  
9 motion for judgment on the pleadings required the Court to distinguish the instant case from  
10 *Enfish, LLC v. Microsoft Corp.*, 822, F.3d 1327 (Fed. Cir. 2016), which was decided by the  
11 Federal Circuit during briefing on Xilinx's motion for judgment on the pleadings. Because this is  
12 a complex and developing area of the law, although the Court found Papst's arguments  
13 unpersuasive, Papst's position was not so baseless as to make this case exceptional. *See Synopsys,*  
14 *Inc. v. Mentor Graphics Corp.*, No. , 2015 WL 4365494 (N.D. Cal. July 16, 2015) (denying  
15 motion for attorney's fees and noting that summary judgment under Section 101 was granted "in  
16 the context of a developing area of the law, namely, when a patent claiming an otherwise  
17 ineligible abstract idea or mental process includes in addition what has been characterized as an  
18 "inventive concept").

19        Xilinx additionally argues that the substantive weakness of Papst's litigating position is  
20 heightened by the alleged weakness of Papst's litigating positions on novelty and obviousness.  
21 However, the Court never ruled on novelty and obviousness because Xilinx did not raise these  
22 issues in its motion for judgment on the pleadings. Accordingly, the Court declines to speculate  
23 on the substantive strength of Papst's litigating position as to novelty and obviousness.

24        As to the manner in which Papst pursued this litigation, Xilinx argues that Papst engaged  
25 in "procedural gamesmanship" by filing suit in Delaware and then opposing Xilinx's motion to  
26 transfer venue. The Court does not find that Papst's decision to file suit in Delaware and oppose  
27 transfer to California makes this case exceptional. Although Xilinx's motion to transfer venue to  
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1 California was granted based on the convenience of the parties, Xilinx is incorporated in  
2 Delaware, so venue was proper in Delaware under 28 U.S.C. § 1391. As the District of Delaware  
3 held in ruling on Xilinx’s motion to transfer venue, the District of Delaware “has repeatedly found  
4 that it is plainly rational and legitimate for a plaintiff to choose to sue a defendant in that  
5 defendant’s state of incorporation—a district where a plaintiff can have some certainty that there  
6 will be personal jurisdiction over the defendant.” *Papst Licensing GmbH & Co. KG v. Lattice*  
7 *Semiconductor Corp.*, 126 F. Supp. 3d 430, 438 (D. Del. 2015). The District of Delaware further  
8 found that “there are clear, legitimate reasons why Plaintiff chose [the District of Delaware] for  
9 suit.” *Id.* Thus, it was not an improper litigation tactic for Plaintiff to file suit in Delaware.

10 Additionally, the Court notes that to the extent Papst attempted to file suit in its venue of  
11 choice, the same can be said of Xilinx. Xilinx filed suit against Papst in California the same day  
12 Papst filed suit against Xilinx in Delaware, and Papst successfully obtained dismissal of Xilinx’s  
13 California action because this Court determined that Papst was not subject to personal jurisdiction  
14 in California under binding Federal Circuit law. *Xilinx, Inc. v. Papst Licensing GMBH & Co. KG*,  
15 113 F. Supp. 3d 1027, 1045 (N.D. Cal. 2015) (applying the Federal Circuit’s standard for  
16 assessing personal jurisdiction as set forth in *Red Wing Shoe Co., Inc. v. Hockerson-Halberstadt*,  
17 *Inc.*, 148 F.3d 1355 (Fed. Cir. 1998), and its progeny). Therefore, in the course of this litigation,  
18 Papst’s litigation tactics regarding choice of forum is not exceptional.

19 Considering the totality of the circumstances, the Court concludes that the instant case is  
20 not exceptional under 35 U.S.C. § 285. Accordingly, the Court declines to exercise its discretion  
21 to award attorney’s fees to Xilinx.

#### 22 **IV. CONCLUSION**

23 For the foregoing reasons, Xilinx’s motion for attorney’s fees is DENIED.

24 **IT IS SO ORDERED.**

25  
26 Dated: August 18, 2016  
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*Lucy H. Koh*  
LUCY H. KOH  
United States District Judge

United States District Court  
Northern District of California

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